GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1102
ANSWERED ON:24.11.2000
DIVERSION OF PDS FOODGRAINS
PAWAN KUMAR BANSAL;RAMDAS ATHAWALE;RENUKA CHOWDHURY;SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government are aware that atleast one-third of the foodgrains and sugar marked for sale through Public Distribution System does not reach the intended beneficiaries;

(b) if so, the reasons for failure of the system;

(c) the approximate cost of rations so diverted in each of the last three years; and

(d) the steps taken by the Government to check such diversion of foodgrains and sugar?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI CHAUHAN)
(a) Following a recommendation of the Standing Committee of Parliament on Food, Civil Supplies and Public Distribution made in their 2nd Report on the Demands for Grants (1996-97), a study to ascertain the extent of diversion of PDS commodities was commissioned. The Tata Economic Consultancy Service (TECS) was engaged in the year 1997 for a study to assess the extent of diversion of foodgrains, sugar and edible oil from Public Distribution System (PDS) in the country. At the national level, the diversion is estimated at 36% in case of wheat and 31% in case of rice.

(b) The major causes for diversion cited in the study are bulk diversion from godowns, bogus units in ration cards, underweighment at various levels, illiteracy of consumers, low profit margins for Fair Price Shops (FPS) owners, floating populations, fictitious distribution agencies, non- availability/irregular supply and variation in entitlement and inferior quality with foreign particles.

(c) The percentage of diversion with reference to the targeted groups in respect of each PDS item for whom there are different Central Issue Prices is not available from the study which was conducted around the time Targetted PDS was introduced. It is, therefore, not possible to quantify the loss of subsidy in monetary terms.

(d) Public Distribution System is implemented under the joint responsibility of the Central and State Governments/UT Administrations. The Central Government is responsible for procurement, storage and transportation of the PDS commodities up to the central godowns and making them available to the States. The responsibility for distribution to the consumers through the Fair Price Shops and administration of the PDS rests with the State Governments and UT Administrations. State Governments have been requested to closely monitor PDS at the Fair Price Shops (FPSs) and other levels and to make arrangement for distribution of PDS commodities in a transparent and accountable manner by involvement of Panchayati Raj Institutions (PRIs) etc. in implementation of PDS. They have also been asked to eliminate bogus ration cards and initiate action against erring FPS owners under Section 3 of Essential Commodities Act. 1955.
The Government of India have set up Public Grievances` Redressal Cell in the Department of Public Distribution to attend to the complaints relating to any aspect of the Department`s functioning including the Public Distribution System. The Public Grievances` Redressal Cell has been provided with independent telephone, fax and e-mail facilities in addition to a facilitation counter to receive the public complaints. In order to attend to public complaints on priority, the Department has also designated the senior officers of the Department as members of flying squad for conducting immediate and prompt enquiry whenever the need for it is felt. The Government of India also has appointed Area Officers to States/UTs to monitor the functioning of Public Distribution System including the complaints of diversion.